

Message Text

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PAGE 01 BERN 00388 250913Z
ACTION EUR-12

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TO SECSTATE WASHDC 5635
INFO AMEMBASSY MOSCOW

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TAGS: PFOR ETRD SZ UR
SUBJ: SWISS-USSR ECONOMIC AGREEMENT

REF: BERN 4637

1. SUMMARY: NIKOLAY PATOLICHEV, SOVIET FOREIGN
TRADE MINISTER, AND SWISS ECONOMIC DEPT CHIEF ERNST
BRUGGER SIGNED JAN 12 IN BERN AGREEMENT FOR ECONOMIC,
INDUSTRIAL AND SCIENTIFIC-TECHNICAL COOPERATION
WHICH IS DESIGNED TO ESTABLISH BASIS FOR FUTURE
COOPERATION IN THOSE AREAS BETWEEN SIGNATORY COUNTRIES.
END SUMMARY

2. ACCORDING TO COMMUNIQUE, AGREEMENT IS ONE THAT
WAS INITIATED IN MOSCOW LAST SEP AFTER YEAR-LONG
NEGOTIATIONS. PREAMBLE CITES CSCE FINAL ACT AND
STATES DESIRE OF BOTH COUNTRIES TO PROMOTE BILATERAL
ECONOMIC RELATIONS THROUGH VARIOUS AREAS OF COOPERATION:
EXCHANGE OF GOODS AND SERVICES; BUILDING
INDUSTRIAL PLANTS; COOPERATION IN INDUSTRIAL AND
AGRICULTURAL PRODUCTION; PURCHASE AND SALE OF LICENSES FOR
TECHNICAL PROCESSES; EXCHANGE OF SCIENTIFIC-TECHNICAL
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PAGE 02 BERN 00388 250913Z

EXPERIENCE AND INFO; SENDING SPECIALISTS FOR
TECHNICAL RESEARCH AND DEVELOPMENT WORK; EXCHANGE OF
SCIENTISTS AND SPECIALISTS; BASIC RESEARCH; ENVIRONMENTAL
PROTECTION.

3. AGREEMENT PROVIDES FOR BILATERAL MIXED COMMISSION,
WHICH WAS ESTABLISHED IN 1973, TO DRAW UP LONG-TERM

COOPERATION PROGRAM. SWISS SIDE IS REPRESENTED BY SWISS-USSR SOCIETY FOR PRIVATE SECOTR, WHICH INCLUDES SWISS EXPORT ASSOCIATIONS, WHILE DEPT OF PUBLIC ECONOMY DIV OF COMMERCE AND OFFICE FOR SCIENTIFIC RESEARCH REPRESENT SWISS GOVT. CERTAIN PROJECTS OF LONG-TERM PROGRAM ARE EXPECTED TO BE CARRIED OUT IN CONTEXT OF SOVIET 1981-85 FIVE-YEAR PLAN. AGREEMENT HAS TEN YEAR DURATION UPON RATIFICATION BOTH SIDES.

4. PRESS REPORTED THIS IS FIRST AGREEMENT THIS KIND FOR SWISS AND "PLACES NO OBLIGATION ON SWISS GOVT OR FIRMS". IT ONLY SETS FORTH BASIS FOR LONG-TERM PROGRAM TO WHICH SWISS FIRMS, ESPECIALLY SMALLER ONES, PLANNING TO WORK INTENSIVELY WITH SOVIET MARKET ATTACH PARTICULAR IMPORTANCE. SOVIET UNION REPORTEDLY WAS ANXIOUS DEFINE CONDITIONS UNDER WHICH IT IS PREPARED TO COOPERATE IN COMMERCIAL AREAS WITH FOREIGN TRADING PARTNER. EXPERIENCE HAS SHOWN THAT CONSIDERABLE PLANNING, COOPERATION AND COORDINATED PREPARATIONS ARE REQUIRED TO DO BUSINESS IN SOVIET UNION SUCH AS WITH FOREIGN TRADE MINISTRY, STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, CENTRAL PLANNING AUTHORITY AND NUMEROUS TECHNICAL MINISTRIES. SWISS FIRMS BELIEVE AGREEMENT WILL FACILITATE BUSINESS BY PROVIDING OFFICIAL INTER-MEDIATION. AGREEMENT UNCLASSIFIED

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PAGE 03 BERN 00388 250913Z

ALSP PROVIDES BROADER PROTECTION OF INDUSTRIAL PROPRIETY INTERESTS WHICH IS OF PARTICULAR CONCERN FOR SWISS.

5. PATOLICHEV VISITED SWITZERLAND JAN 11-15; HELD MEETING WITH SWISS INDUSTRIALISTS AND TOURED JURA REGION. BRUGGER AND PATOLICHEV DISCUSSED ECONOMIC SITUATION AND OUTLOOK FOR BOTH COUNTRIES, WORLD ECONOMIC SITUATION, BILATERAL AND MULTILATERAL ECONOMIC RELATIONS.

6. PRESS REPORTED AGREEMENT SIGNED AFTER SWISS TRADE WITH SOVIETS SWUNG INTO DEFICIT IN 1976, FOR FIRST TIME SINCE 1959, BECAUSE OF INCREASED ENERGY IMPORTS FROM USSR.

7. JOURNAL DE GENEVE JAN 13 REPORTED FOLLOWING INFO SWISS-SOVIET TRADE IN SF MILLIONS WITH PERCENT CHANGE FROM PREVIOUS YEAR IN PARENTHESES:

YEAR - IMPORTS - EXPORTS - BALANCE
1974 - 360 (78.7) - 419.9 (37.7) - 59.9
1975 - 312.1 (-13.3) - 468.2 (11.5) - 156.1

1976 - 644.5 (106.5) - 504.2 (7.7) - -140.3

1977 - 773.5 (36) - 471.2 (8.2) - -302.3

FIRST 11 MONTHS ONLY FOR 1977. MAJOR SWISS EXPORTS TO
USSR WERE: MACHINES AND EQUIPMENT, 66 PERCENT;
CHEMICALS AND PHARMACEUTICALS, 23 PERCENT; PRECISION
INSTRUMENTS, 4 PERCENT; OTHER 7 PERCENT. MAJOR
SWISS IMPORTS FROM USSR WERE: OIL AND MINERALS, 87
PERCENT; PRECIOUS METALS (I.E., GOLD), 6 PERCENT;
AGRICULTURAL PRODUCTS, 2 PERCENT; OTHER, 5 PERCENT.
WARNER

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